

Allen Owen, Mayor
Eunice Reiter, Mayor Pro Tem
Jerry Wyatt, Councilmember
Barbara Gibson, Councilmember



Buddy Jimerson, Councilmember
Brett Kolaja, Councilmember
Cynthia Gary, Councilmember
Caroline Kelley, City Attorney
Frank Simpson, City Manager
Patrice Fogarty, City Secretary

FINANCE COMMITTEE MEETING AGENDA

Notice is hereby given of a meeting of the Finance Committee to be held on **Monday, April 20, 2009, at 5:30 p.m.** at: **City Hall (2nd Floor), Mayor Office**, 1522 Texas Parkway, Missouri City, Texas, for the purpose of considering the following:

1. **CALL TO ORDER**
2. **DISCUSSION/POSSIBLE ACTION**
 - (a) Review and discuss quarterly investment report.
3. **ADJOURNMENT**

In compliance with the Americans with Disabilities Act, the City of Missouri City will provide for reasonable accommodations for persons attending City Council meetings. To better serve you, requests should be received 24 hours prior to the meetings. Please contact Patrice Fogarty, City Secretary, at 281.403.8685.

CERTIFICATION

I certify that a copy of the April 20, 2009, meeting agenda of items to be considered by the Finance Committee was posted on the City Hall bulletin board on April 16, 2009, at 4:00 p.m.



Maria Gonzalez, Deputy City Secretary

I certify that the attached notice and agenda of items to be considered by the Finance Committee was removed by me from the City Hall bulletin board on the _____ day of _____, 2009.

Title: _____



**Finance Committee
Agenda Item Cover Memo
April 20, 2009**

2. DISCUSSION/POSSIBLE ACTION

- (a) Review and discuss quarterly investment report.

Background information attached as follows:

Cover Memo



**City of Missouri City, Texas
Finance Committee
Agenda Item Cover Memo
April 20, 2009**

To: Committee Members Reiter, Kolaja, and Wyatt
Agenda Item: Review Investment Report – March 31, 2009
Submitted by: Wes Vela, Director of Finance *wv*
Michael Higgins, Asst. Dir. of Finance *MH*

SYNOPSIS

To review the investment report for the 1st Quarter 2009.

BACKGROUND

The Quarterly Investment Report for the period ending March 31, 2009, is attached for your review and acceptance.

A few items to note about the report are that during this period the weighted average maturity (WAM) went from 457 days to 434 days. The city's investment policy limits the WAM to 2 years (730 days) and therefore the WAM is within the policy. Also, the portfolio of \$80.5 million is invested at 61% in Agency Notes, 11% in US Treasuries, 15% in Logic Money Market and 13% in TexPool with an overall portfolio yield to maturity of 2.709%.

FISCAL ANALYSIS

Investment activities are expected to yield a slightly lesser amount of interest income than budgeted.

RECOMMENDATION

Approve the acceptance of the Quarterly Investment Report for the period ended March 31, 2009.

Quarterly Investment Report

For the

City of Missouri City
1522 Texas Parkway
Missouri City, TX 77489

January 1, 2009 – March 31, 2009

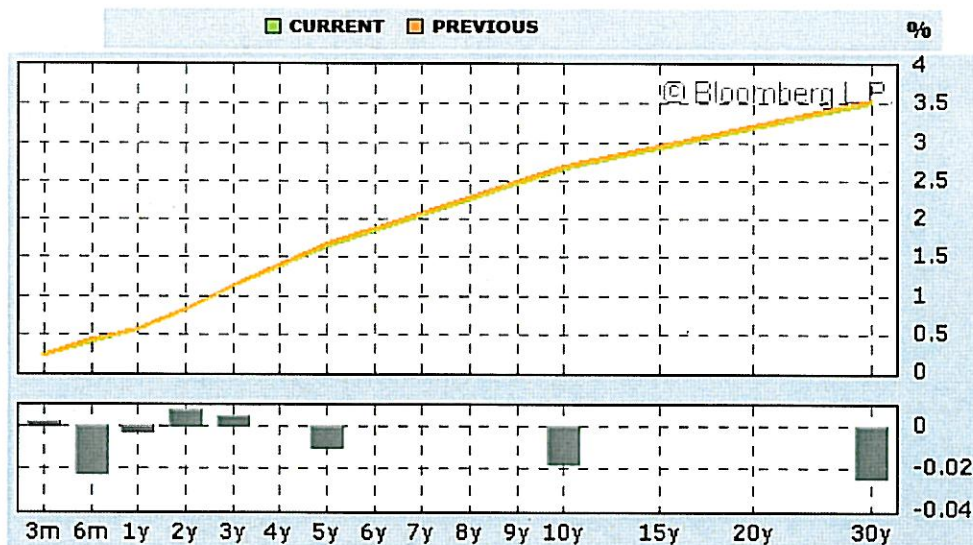


City of Missouri City Quarterly Investment Report March 31, 2009

As of March 31, 2009, the City of Missouri City earned a weighted average yield to maturity of 2.709%, compared to last quarter's yield of 3.069%. The average 90 day T-Bill at quarter-end was .2247%, and at December 2008, the average was .0515%. The City's portfolio at March 31 was XXX basis points over our market benchmark rate due to higher yielding investments and declining interest rates. Total interest income for this quarter is \$586,711, and for the quarter ending December 31, 2008, interest earned was \$510,007.

The weighted average maturity (WAM) at March 31, 2009, is 434 days which remains within our investment policy of 2 years (730 days) or less. On December 31, 2008, the WAM was 457 days. This quarter's City portfolio consists of 13% in Texpool, 15% in Logic, 61% in agencies and 11% in treasuries. We have increased our liquidity diversification this quarter by purchasing more 'laddered' securities. A total of 28% of our portfolio has liquidity of 1 day, up to 180 days at 6%, 181-365 days at 13%, and 53% is greater than 365 days.

According to Bloomberg.com, the March 31, 2009, 90-day discounted T-Bill benchmark is .20%, and one year ago it was at 1.7%. Texpool (.552%) and Logic (.770%) monthly rates at March 31 are currently above the T-Bill benchmark. After the 3-month T-Bill of .2%, the yield curve increases to 3.5% at the 30-year treasury level.



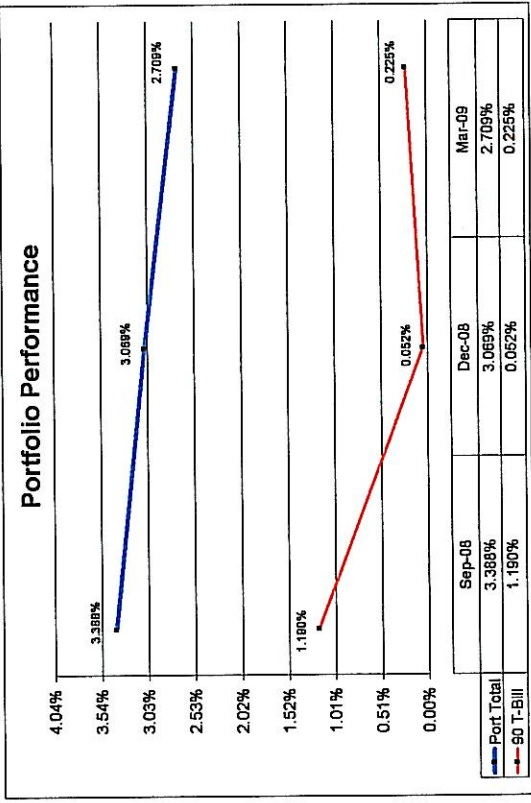
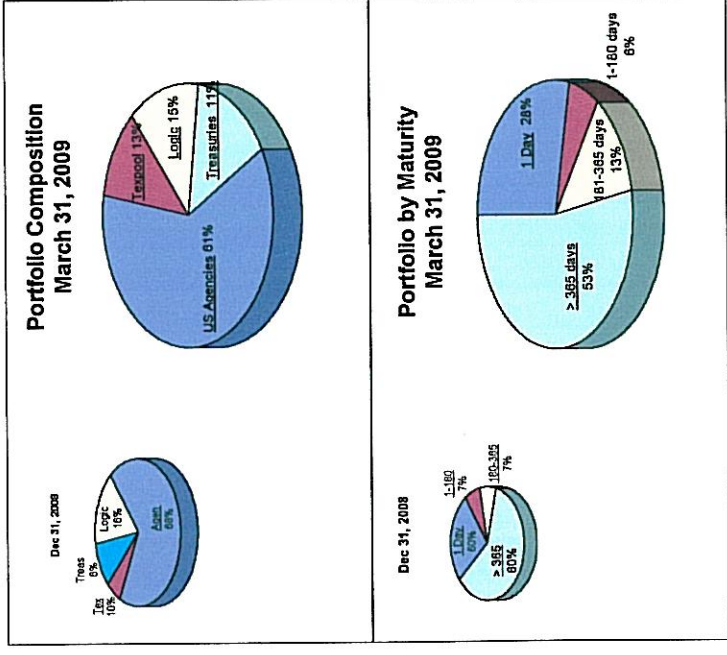
Source: Bloomberg.com

According to Logic, "The U.S. economy is now going through the steepest two-quarter decline in real GDP in more than 50 years. The Fed's targeted measures have apparently managed to stem further tightening in credit though conditions still remain very tight. Any potential for recovery must remain tentative until there is some reversal of heightened business caution. Of this, there is no evidence so far: the pullback in business investment remains intense and labor markets are in free fall."

As market rates have remained at very low levels, the City of Missouri City has continuously looked to keep its portfolio consisting of higher-yielding securities with various maturity dates. The new purchases during the quarter are yielding between 350-400 basis points above the market, with maturity dates of 3 ½ years. The City will keep a close watch on the market and look to maximize its investments, yet keep liquidity levels at desired amounts.

Investment Portfolio
City of Missouri City, Texas
March 31, 2009

Security Type	Desc	CUSIP	Yield to Mat	Pay Frequency	Purch. Date	Matur. Date	Next Call Date	Days to Maturity	Current Par Value	12/31/08 Market Value	12/31/08 Amortized Value	Amount Purchased In Period	Amount Matured In Period	Discl/Prem In Period	3/31/08 Amortized Value	Interest Earned In Qtr	3/31/09 Market Value
US Agency Note	FNMA	3136FBA39	4.500%	Semi-annually	12/24/07	12/24/12	12/24/09	1364	5,000,000.00	5,131,250.00	5,000,000.00				5,000,000.00	56,250.00	5,126,550.00
US Treasury	FNMA	31371LAJ8	3.654%	Monthly	2/21/08	6/1/10		427	3,661,505.20	4,053,370.68	4,094,392.75		(382,321.95)	(2,810.95)	3,709,259.95	35,041.58	3,721,736.96
US Agency Note	FNMA	3136FBNX7	3.149%	Semi-annually	5/12/08	5/12/10	5/12/09	407	5,000,000.00	5,045,300.00	5,009,961.27			(625.41)	5,009,335.86	39,446.76	5,014,050.00
US Agency Note	FFCB	31331GBC2	3.235%	Semi-annually	9/17/08	9/15/10	9/15/09	533	3,000,000.00	3,051,570.00	3,003,010.88			(167.79)	3,002,843.09	24,286.62	3,029,070.00
US Agency Note	FHFB	3133XES83	3.200%	Semi-annually	10/29/08	3/12/10		346	5,000,000.00	5,243,750.00	4,986,092.91			(7,401.36)	4,978,691.55	40,886.88	5,184,400.00
US Agency Note	FHFB	3133XES83	4.875%	Semi-annually	10/29/08	4/1/11	4/1/09	731	10,000,000.00	10,056,300.00	10,007,651.03			4,409.02	10,012,040.05	89,893.37	10,000,000.00
US Agency Note	FHFB	3133XACT9	3.632%	Semi-annually	10/29/08	8/24/10		511	10,000,000.00	10,634,400.00	9,975,466.83			(13,282.32)	9,962,184.51	126,146.34	10,515,600.00
US Agency Note	FHFB	3133XSK72	3.090%	Semi-annually	10/29/08	4/29/09		29	5,000,000.00	5,045,300.00	5,000,000.00			-	5,000,000.00	38,625.00	5,009,400.00
US Agency Note	FHFB	3133XSK31	3.159%	Semi-annually	10/29/08	10/29/09		212	5,000,000.00	5,104,700.00	4,998,767.95			9.42	4,999,777.37	39,552.51	5,064,050.00
US Agency Note	FHLMC	4.520%	Semi-annually	3/4/09	8/27/12		1245	4,956,000.00				10,244,011.38	(5,188,890.76)	(1,735.69)	5,053,384.93	39,552.51	4,533,749.35
US Agency Note	FHLMC	3.142%	Semi-annually	3/4/09	9/27/12		1276	724,254.97				754,644.14		-	754,644.14	4,047.51	677,402.92
Money Market	Logic	746029035-10	0.770%	Monthly	Open	Open		1	11,846,619.53	11,846,619.53	11,846,619.53	29,630.12			11,876,249.65	29,630.12	11,876,249.65
State Pool	Texpool	791400504	0.552%	Monthly	Open	Open		1	6,909,143.26	6,909,143.26	6,909,143.26	13,553,332.03	(9,645,000.00)		10,817,475.29	23,352.22	10,817,475.29
								434	76,087,523.56	72,121,703.47	70,832,088.41	24,581,617.87	(15,216,212.71)	(21,604.88)	80,175,888.39	588,711.42	80,569,734.17



This report is presented in accordance with the Texas Government Code Title 10 Section 2256.023. The below signed hereby certify that, to the best of their knowledge on the date this report was created, the City is in compliance with the provisions of Government Code 2256 and with the stated policies and strategies of City of Missouri City, Texas.

Michael Hoggins, Asst. Finance Director

Wes Vela, Finance Director

